

SOLUTIONS

Learning Goal 13

Multiple Choice

1. b
2. c
3. c
4. b
5. c
6. a
7. b
8. d Whatever the beginning balance was in the Prepaid Insurance account, plus the insurance that was purchased during the period, are all debits to the Prepaid Insurance account and represent the cost of the total insurance coverage available. By the end of the period, some of this insurance coverage has been used up, but the total amount available will still be showing in the unadjusted trial balance. The adjustments column will record how much of this balance has been used up during the period.
9. a
10. a
11. d Journal entries are prepared **from** the worksheet, not before the worksheet is done.
12. d
13. d
14. c If this seems unclear, draw the row of the worksheet that these would appear on, and fill in the blanks, like this:

	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Unearned Revenue		750	?	?		200

Answer:

	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Unearned Revenue		750	550	—		200

15. d When a number is placed on the wrong side of a column, the difference in the totals is double the amount of the number. Remember, it is *very important* to total each column as you finish it before moving across the worksheet to new columns.
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SOLUTIONS

Learning Goal 13, continued

LG 13-1, continued

Winslow Tennis Club										
Worksheet (continued)										
For the Month Ended June 30, 2008										
Account Titles	Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Unearned Tennis Fees				(g) 1,000		1,000				1,000
Office Supplies										
Expense			(a) 1,050		1,050		1,050			
Tennis Supplies										
Expense			(b) 1,787		1,787		1,787			
Depreciation Expense			(d) 842		842		842			
Salaries/Wages										
Payable				(h) 500		500				500
Interest Expense			(f) 1,375		1,375		1,375			
Interest Receivable			(c) 80		80				80	
Interest Earned				(c) 80		80		80		
Interest Payable				(f) 1,375		1,375				1,375
Totals			<u>6,734</u>	<u>6,734</u>	<u>434,929</u>	<u>434,929</u>	12,134	37,080	422,795	397,849
							24,946			24,946
							<u>37,080</u>	<u>37,080</u>	<u>422,795</u>	<u>422,795</u>

SOLUTIONS

Learning Goal 13, continued

LG 13-2.

Leeward Swimming Pool Service										
Worksheet										
For the Year Ended November 30, 2008										
Account Titles	Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Cash	71,050				71,050				71,050	
Accounts Receivable	7,200		(e) 750		7,950				7,950	
Office Supplies	750			(a) 550	200				200	
Prepaid Insurance	4,200			(b) 1,400	2,800				2,800	
Tools and Equipment	244,500				244,500				244,500	
Accum. Dep'n.— Tools and Equip.		12,500		(c) 3,500		16,000				16,000
Office Equipment	15,000				15,000				15,000	
Accum. Dep'n.— Office Equipment		3,700		(c) 1,500		5,200				5,200
Andy Itaya, Capital		312,500				312,500				312,500
Andy Itaya, Drawing	50,000				50,000				50,000	
Fees Earned		205,000		(e) 750		205,750	205,750			
Salaries Expense	110,000		(d) 1,100		111,100		111,100			
Rentals Expense	28,200				28,200		28,200			
Utility Expense	2,800				2,800		2,800			
Totals	<u>533,700</u>	<u>533,700</u>								
Office Supplies Expense			(a) 550		550		550			
Depreciation Expense			(c) 5,000		5,000		5,000			
Insurance Expense			(b) 1,400		1,400		1,400			
Salaries Payable				(d) 1,100		1,100				1,100
Totals			<u>8,800</u>	<u>8,800</u>	<u>540,550</u>	<u>540,550</u>	149,050	205,750	391,500	334,800
Net Income							56,700			56,700
Totals							<u>205,750</u>	<u>205,750</u>	<u>391,500</u>	<u>391,500</u>

SOLUTIONS**Learning Goal 13, continued****LG 13-3.**

Damon's Car Wash										
Worksheet										
For the Year Ended December 31, 2008										
Account Titles	Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Cash	43,900				43,900				43,900	
Marketable Securities	101,250				101,250				101,250	
Accounts Receivable	1,200		(a) 150		1,350				1,350	
Office Supplies	520			(c) 410	110				110	
Cleaning/Washing Supplies	2,800			(f) 1,500	1,300				1,300	
Prepaid Insurance	4,600				4,600				4,600	
Prepaid Rent	1,200			(d) 900	300				300	
Office Equipment	15,000				15,000				15,000	
Accum. Dep'n—Off. Equip.		6,000		(h) 3,000		9,000				9,000
Wash Equipment	225,700				225,700				225,700	
Accum. Dep'n—Wash Equip.		38,500		(h) 25,000		63,500				63,500
Accounts Payable		3,700		(g) 750		4,450				4,450
Unearned Revenue		650	(b) 300			350				350
Notes Payable—Long Term		50,000				50,000				50,000
S. Damon, Capital		163,650				163,650				163,650
S. Damon, Withdrawals	3,500				3,500				3,500	
Services Revenue		305,200		(a) 150 (b) 300		305,650		305,650		
Wages Expense	114,500				114,500		114,500			
Washing Supplies Expense	7,630		(f) 1,500		9,130		9,130			
Advertising Expense	12,000		(g) 750		12,750		12,750			
Utilities Expense	28,500				28,500		28,500			
Dep'n. Exp.—Off. Equip.			(h) 3,000		3,000		3,000			
Dep'n. Exp.—Wash. Equip.			(h) 25,000		25,000		25,000			
Office Supplies Expense			(c) 410		410		410			
Rental Equipment Expense			(d) 900		900		900			
Insurance Expense	5,000				5,000		5,000			
Miscellaneous Expense	400				400		400			
Interest Expense			(e) 650		650		650			
Interest Payable				(e) 650		650				650
Totals	<u>567,700</u>	<u>567,700</u>	<u>32,660</u>	<u>32,660</u>	<u>597,250</u>	<u>597,250</u>	200,240	305,650	397,010	291,600
Net Income							105,410			105,410
							<u>305,650</u>			<u>397,010</u>